107 FERC ¶ 61,268
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 14, 2004

In Reply Refer To:
Texas Eastern Transmission, LP
Docket No. RP03-542-001

Texas Eastern Transmission, LP
5400 Westheimer Court
Houston, TX 77056-5310

Attention: David A. McCallum
Director, Rates and Tariffs

Reference: Compliance Filing Responding to Certain Questions Posed by Several Protestors in Texas Eastern's Semi-Annual Adjustment Filing of the Electric Power Cost (EPC)

Dear Mr. McCallum:

1. On August 20, 2003, Texas Eastern Transmission, LP (Texas Eastern) in compliance with the Commission's July 31, 2003, "Order Conditionally Accepting and Suspending Tariff Sheets" filed information relating to its July 1, 2003, semi-annual electric power cost (EPC) adjustment.[1] As discussed below, the Commission finds that, with the exception of Texas Eastern's proposed allocation of the Texas Eastern Incremental Market Expansion (TIME) Project electric power costs to system shippers, Texas Eastern has supported its proposed EPC rates. We will set for hearing the issues raised by the filing and protests regarding the appropriate rate treatment of incremental electric power costs attributable to the TIME Project and, therefore, condition acceptance of the rates filed in the captioned docket on the outcome of that hearing. This order benefits the public by ensuring a complete record is compiled on the issue of the allocation of costs attributable to the TIME Project among Texas Eastern's customers.

[1] Texas Eastern Transmission, LP, 104 FERC ¶61,180 (2003).

I. Background

2. On July 31, 2003, the Commission issued an order conditionally accepting and suspending Texas Eastern's July 1, 2003 filing of its semi-annual EPC adjustment effective August 1, 2003, subject to refund and subject to Texas Eastern filing detailed information and explanations to justify its method of determining electric power costs applicable to the TIME Project.[2] The July 31 Order also permitted parties to reply to Texas Eastern's July 23, 2003 answer in which Texas Eastern provided further support for its July 1 filing.

II. Compliance Filing

A. Support for System Electric Power Costs

3. In its August 20 compliance filing, Texas Eastern responded to the following questions of the Municipal Defense Group (MDG): (1) what new level of costs was associated with the peak electric demand; (2) were Texas Eastern actions that triggered the new level of costs reasonable; (3) what were the provisions of the contracts under which the new level of costs were triggered, and (4) was it reasonable for Texas Eastern to agree to such provisions? Texas Eastern states that severe winter weather in winter 2003 caused high demands for gas that required it to utilize the compressor stations on its system at a high level of operation. Texas Eastern includes in Appendix B of its compliance filing, a list of compressor stations with their corresponding power suppliers and total electric power costs. In Appendix C, Texas Eastern includes actual billing data for the seven electric compressor stations that incurred the greatest cost during the relevant 18-month reporting period. Texas Eastern explains that although each of the seven stations had electric power contracts that provided for a minimum billing demand, and that the minimum bill changes depending on peak billing demand for contracts at four of these stations, the costs associated with the peak demands at these seven stations only totals $62,950; the remainder of the increase reflected in the July 1 filing is attributable to increased throughput.

B. TIME Project Cost Allocation

4. In its compliance filing Texas Eastern states that its electric power cost allocation method for the TIME Project is premised on the principle that existing customers should not subsidize the TIME Project, and that the assignment of costs to existing customers, to

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[2] The TIME Project was designed to provide 100,000 dekatherms per day (Dth/d) of firm natural gas service to New Jersey Natural Gas Company (New Jersey Natural) and included the construction of incremental compression facilities at Texas Eastern's existing Lambertville Compressor Station in Hunterdon, New Jersey. Texas Eastern Transmission, LP, 99 FERC ¶ 61,383 at P 3 (2002).

the extent the existing customers receive a benefit, is not considered a subsidy to the TIME Project shipper. Texas Eastern then asserts that costs should be allocated to match the costs of services to the customers benefiting from the services and states that existing shippers that directly benefit from the TIME Project should be responsible for paying for costs associated with that benefit.

5. According to Texas Eastern, the TIME Project compressor will provide significant benefits to existing shippers as it was added to supplement the existing gas-fired compressor unit at a mainline compressor station. It asserts that the Lambertville Station is used to transport firm mainline volumes for other customers throughout the year, and during the winter months handles over 55 percent of Texas Eastern's Zone M3 market throughput. To achieve the best overall system-wide electric power and fuel costs on its integrated system, Texas Eastern states that it operates the electric-powered TIME Project compressor from time to time during off-peak periods to displace less efficient mainline compressor units.

6. Further, Texas Eastern asserts that the TIME Project compressor provides enhanced system reliability and flexibility for existing Texas Eastern customers. Texas Eastern explains how it sized the unit for economic and operational reasons, and claims that the TIME unit will reduce system impacts in the event that existing gas turbine units become inoperable. Texas Eastern also claims that existing downstream customers will benefit from increased delivery pressures, and any unused capacity made available by the TIME Project compressor will be available to existing customers for use on a secondary or interruptible basis.

7. In its compliance filing Texas Eastern also explains how certain costs associated with electric compressors on its system are allocated under its proposal. It states that the TIME Project customer, New Jersey Natural, is responsible for all the capital costs associated with the TIME Project. Further, it states, the EPC for the four existing compressor stations along the TIME Project path is allocated based on total throughput of the shippers using the compressors at the stations, and is a function of the horsepower used for flowing volumes.

8. Texas Eastern states that to the extent the TIME Project electric compressor is running and the TIME Project service does not flow at 100 percent load factor, EPC is allocated to both the TIME Project shipper and to system shippers based on the load factor for the TIME Project shipper. It states that the amount of EPC allocated to the TIME Project shipper is a function of the ratio of the TIME Project volumes flowed and the TIME Project contract quantity, rather than a function of the horsepower used, as is true for the other four existing stations. Texas Eastern asserts that by using load factor method of allocating the EPC at the Lambertville Station, it has ensured that non-expansion shippers are not subsidizing the TIME Project facilities.

III. Reply Comments

9. The Commission's July 31, 2003 Order provided that parties would have ten days from the date on which Texas Eastern filed its compliance filing to submit comments. On September 2, 2003, Consolidated Edison Company of New York, Orange and Rockland Utilities, Inc. and Philadelphia Gas Works ("the Companies"), as well as ProLiance Energy, LLC (ProLiance) filed reply comments. New Jersey Natural filed an "Answer and Comments" on September 12, 2003. On September 17, 2003, Texas Eastern filed an answer. On October 1, 2003, the Companies filed a Motion for Leave to Reply and Supplemental Reply Comments. The Commission will waive Rule 213(a)(2),[3] and will accept Texas Eastern's Answer and the Companies' Reply and Supplemental Comments as they aid in the disposition of the issues raised by the instant filing.

10. In their reply comments, the Companies object to any allocation of Lambertville EPC to system customers. The Companies state that Texas Eastern's argument that the benefits received by system customers as a result of the TIME Project justify an allocation of EPC to them, is illogical. The Companies state that it was unnecessary to build a new compressor in order to continue to transport system gas, and that system customers do not benefit from the fact that system gas continues to flow. The Companies assert that because system gas flowed by use of pre-existing compressors prior to the TIME project, the use of the Lambertville compressor does not create a benefit for which system shippers should be allocated EPC. The Companies state that to the contrary, the need for additional compression to move system gas during peak months was created by the TIME Project. Without the new compression, the TIME Project volumes could not flow. Therefore the Companies state that having created the need for the new Lambertville electric compression, the TIME Project must be allocated the cost of that compression.

11. The Companies claim that Texas Eastern's "benefit" argument ignores reality in at least two other regards. First, if the new Lambertville compressor actually provided a benefit to system shippers, the Commission would have assigned a portion of the fixed cost of that compressor to the system. The Companies conclude that the only beneficiary of the new compressor is New Jersey Natural, as the pre-existing facilities were adequate for system service. Second, the Companies state that if costs are allocated commensurate with benefits, the Commission should not ignore the fact that the TIME Project volumes move from Kentucky, Ohio, New York and New Jersey and that the TIME Project bears none of the cost of the pre-existing facilities used daily to transport Time Project volumes.

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[3] 18 C.F.R. ' 385.213(a)(2) (2003).

12. The Companies also argue that this is certainly not the first case in which the Commission has been called upon to determine whether compressor fuel should be treated as a cost of an incremental project, citing to orders issued in Northern Border Pipeline[4] and Transcontinental Gas Pipeline Line Corp.[5] The Companies state in those cases the Commission determined that, for purposes of the incremental versus rolled-in analysis, total shipper cost includes the cost of fuel. The Companies also cite to an order issued in Iroquois Gas Transmission System, L.P.[6] where they assert the Commission required the allocation of fuel costs to the entities that benefited from the incremental facilities, and to East Tennessee Natural Gas Co.,[7] where the Commission stated that "[expansion] shippers would pay an incremental fuel charge designed to recover all the fuel costs [of] the incremental horsepower installed to provide service to them."

13. Additionally, the Companies assert that Texas Eastern's argument that its EPC allocation method is relatively straightforward has no merit. They state that the analysis of the data presented in Schedule No. 2A, page 2 of the July 1 filing establishes that Texas Eastern's approach is anything but straightforward. As an example, the Companies state that in December 2002, the TIME Project quantities were 1,225,348 and the EPC allocation was $25,698. In March 2003, the TIME Project quantities were 1,078,364 and the EPC allocation was $12,673. They state that this is a 51 percent reduction in EPC allocation at the same time as TIME Project volumes were reduced by only 12 percent. The Companies assert that although Texas Eastern's "justification" for these results are that system volumes also flowed through Lambertville in December, it never attempts to explain why this fact justifies such a dramatic reduction in the dollar allocation to the TIME Project. The Companies assert that similar anomalies are found in a comparison in the volumes and costs in February and March results. The Companies also present a hypothetical example that purportedly shows that the EPC allocation to system customers differs even when there is no difference in benefits to them because of "an irrelevancy", the TIME load factor. The Companies conclude that Texas Eastern's proposal to allocate total Lambertville EPC on the basis of the TIME load factor in the months in which system gas also flows through Lambertville gives rise to totally unjustified results.

14. Finally, the Companies claim that Texas Eastern's blanket assertion in its Answer that an allocation of 100% of Lambertville EPC to the TIME Project would "disrupt" its "integrated operations," is entirely unexplained. According to the Companies, such an

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[4] 80 FERC ¶61,152 at p. 61,631 (1997).

[5] 82 FERC ¶61,074 at p. 61,317 (1998).

[6] 97 FERC ¶61,379 at p. 62,732 (2001).

[7] 98 FERC ¶61,331 at p. 62,397 (2002).

allocation would have no impact on Texas Eastern's operations. The Companies state that, to the contrary, the Lambertville facility would be used as it was intended, to permit the entire gas stream to flow. And the costs would be properly allocated, given that system gas uses the Lambertville Station solely because of the creation of the TIME Project.

15. ProLiance argues that the question that should be asked is whether or not the additional electric costs related to the TIME Project would have been incurred if it [the TIME Project] had not been proposed.

16. With respect to the allocation of TIME EPC, ProLiance states that the question still remains whether the "deduct" method used by Texas Eastern is an appropriate allocation method. The Companies state that Texas Eastern has not provided any compelling reason in its response. The Companies also state that Texas Eastern still has not met its burden of proof and the Commission should reject the allocation of electric costs to the system customers.

17. ProLiance requests that the Commission provide the same protection to Texas Eastern's system customers as the Commission provided in a recent proceeding involving Kern River Gas Transmission Company. In Kern River, the pipeline proposed incremental fuel treatment for a mainline expansion project, and the Commission found that a pipeline "must maintain the principal that existing ratepayers should not be required to subsidize any fuel costs attributable to the proposed expansion." [8] Likewise, ProLiance asserts that the Commission applied stringent guidelines to PG&E Gas Transmission for the ultimate protection of system customers.[9]

18. ProLiance states that Texas Eastern has not met its burden of showing that its proposed EPC is just and reasonable. The Commission has a long history of providing protection for system customers and raising the bar for pipelines who wish to charge for costs which resemble subsidization. Citing to an order issued in Columbia Gas Transmission Corp.,[10] ProLiance asserts that costs should follow cost causation.

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[8] See Kern River Gas Transmission Company, 98 FERC ¶ 61,205, at p 61,278 (2002).

[9] Citing PG&E Gas Transmission Northwest, 99 FERC ¶ 61,366 (2002); see also Transcontinental Gas Pipeline Corporation, 101 FERC ¶ 63,022 (2002).

[10] Citing Columbia Gas Transmission Corporation, 65 FERC ¶ 61,344 at P 61,735 (1993).

19. New Jersey Natural responded to the reply comments of the Companies and ProLiance. New Jersey Natural states that the reply comments contain a number of mistaken beliefs about incremental rates in general, and Texas Eastern's method of allocating EPCs in particular, that should be clarified for the benefit of the record. New Jersey Natural states nothing in the reply comments of either the Companies or ProLiance warrants any modification to or of Texas Eastern's proposed EPC cost allocation methodology. New Jersey Natural requests that the Commission find that Texas Eastern's proposed EPC allocation method is just and reasonable.

20. First, New Jersey Natural asserts that the total cost of electric power at issue in this proceeding for the twelve months ended April 30, 2003 is approximately $43 million, that approximately nine-tenths of one percent of that amount ($377,451) relates to the new electric mainline compressor at Lambertville, and that approximately three-tenths of one percent ($135,346) is allocated to system customers under Texas Eastern's proposed methodology. New Jersey Natural urges the Commission to reject the Companies' opposition to paying for even a small portion of the mainline electric compression that, it asserts, Texas Eastern uses to provide benefits to its system customers.

21. In response to The Companies' assertion that incremental shippers do not pay the full cost of their service because they contribute nothing toward the cost of pre-existing facilities, New Jersey Natural states that the incremental recourse rate for the TIME Project service (in excess of $12 per Dth/day) greatly exceeds the otherwise applicable system-wide FT-1 rate for comparable mainline transportation service, and is designed to recover the full cost of the over $75 million of new compression and pipeline looping facilities, toward which the existing shippers have been asked to contribute nothing. New Jersey Natural claims that it is meaningless to criticize the TIME Project's incremental rate design for its failure to resemble a rolled in rate.'

22. In response to the Companies' assertion that only one company benefits from the TIME Project, and should therefore pay 100 percent of the Lambertville EPC, New Jersey Natural responds, inter alia, that the TIME Project compressor displaces less efficient mainline compressors, reduces total system-wide EPC and fuel costs to the benefit of all customers, provides enhanced system reliability and flexibility for existing customers as well as increased delivery pressures for downstream customers. According to New Jersey Natural, these benefits more than justify the allocation of approximately 3/10ths of one percent of the EPC at issue.

23. New Jersey Natural asserts that the question is not whether the need for additional compression occasioned by the TIME Project and the cost of that compression should be allocated to TIME Project shippers as such capital costs are already fully reflected in the

design of the maximum recourse incremental rate. The question, according to New Jersey Natural, is whether system shippers should pay for a portion of the cost of operating the new, more efficient, less costly electric compressor at Lambertville when that compressor is used for their benefit.

24. New Jersey Natural also asserts that the Companies failed to note in their example comparing TIME quantities and cost allocations in December 2002 with March 2003, that system customers benefited in March 2003 through the use of the more efficient, less-costly electric compressor at Lambertville, and were therefore appropriately assigned costs during that month. New Jersey Natural also points out that the noticeable decrease in EPC between February and March 2003 is primarily the result of an overall decrease in EPC, rather than the product of Texas Eastern's cost allocation method, and that all customers benefited proportionately from the decrease in electric power costs. Finally, New Jersey Natural asserts that the Companies' hypothetical example supports the reasonableness of Texas Eastern's methodology as it appropriately reflects a higher allocation of EPC costs to system services when more of the gas being compressed is used to provide system services.

IV. Answer of Texas Eastern

25. In its answer, Texas Eastern states that this proceeding presents a fundamental and critically important policy issue: should some portion of the variable costs associated with an incremental facility which clearly benefits the entire system be allocated to the entire system or should all variable costs be allocated only to the incremental customers? Texas Eastern states that it strongly believes that a portion of the electric power costs relating to the TIME Project compressor must be borne by the general system customers who benefit from the new compressor. If the Commission requires that all of the compressor costs be borne by the incremental shippers, Texas Eastern states that this will discourage pipelines from investing in new projects that benefit the system and undermine the Commission's efforts to improve the efficiency and reliability of the nation's gas delivery infrastructure.

26. Texas Eastern continues by stating that the monetary amount in this case is insignificant for all parties involved; the allocated costs to existing customers are only a fraction of the EPCs: three-tenths of one percent (0.3 percent) or $135,346, or a cost impact on the Companies of approximately $10,000.

27. Texas Eastern asserts that in the certificate proceeding for the TIME Project, the Commission directed it to replace its prior method of reflecting a credit of representative costs for the expansion project in its EPC tracker with a new cost allocation methodology that would match the costs of the services to the customers benefiting from the services.[11]

[11] Citing 99 FERC ¶61,383 at PP 33-34.

Texas Eastern notes that it considered using a Commission approved volumetric cost allocation methodology, but such methodology would have resulted in a greater (112%) allocation of costs to the existing customers. Instead, it adopted the TIME Project load factor allocation as a reasonable method that more closely aligns costs and benefits. Texas Eastern asserts that the TIME Project load factor methodology carefully balances the interests of both existing system customers and the incremental customers. Texas Eastern states that being consistent with the Commission's directive, the methodology closely aligns EPCs attributable to services provided by its system to customers that benefit from the services.

28. Texas Eastern explains that the proposed TIME Project methodology allocates costs from the existing units to the TIME Project shipper. It also states that the methodology recognizes that, just as the existing units on the mainline provide compression for the TIME Project shipper, the TIME Project electric compressor provides compression for existing customers' volumes, thereby providing overall system-wide fuel savings attributable to the efficiencies of a newer electric unit over the older gas-fired turbines and increased system reliability and flexibility.

29. According to Texas Eastern, the opposition to its proposed method is not the result of a preference for another methodology, but rather is opposition to any expansion of Texas Eastern's system that might result in the allocation of costs to existing customers - even though these costs are associated with operating the new, more efficient electric compressor for the benefit of the existing customers.

30. Texas Eastern asserts that, to further the Commission's goals to enhance energy infrastructure at the lowest economic impact, electric power costs should be allocated to the shippers that enjoy the increased reliability and flexibility; expansion shippers should not be required to bear costs associated with system compression that is provided by the expansion facilities nor should the pipeline be required to absorb those costs.[12] However, it asserts, the position of parties that submitted comments in this proceeding conflicts with the Commission's recognition of the importance of expansion projects promoting system flexibility and reliability and current goals that regard infrastructure needs. According to Texas Eastern, requiring an expansion shipper to absorb variable costs incurred for the benefit of existing customers would discourage pipeline construction and jeopardize the Commission's efforts to improve the efficiency and reliability of the natural gas pipeline infrastructure.

[12] Citing Midwest Energy Infrastructure Conference, Docket No. AD-02-000, Statement of Commissioner Pat Wood, transcript at pp. 3-4 (Nov. 13, 2002) ("having a sufficient energy infrastructure is a crucial part of what FERC's mission is."); Press release: FERC Chairman Welcomes Fed Chairman's Focus on LNG (June 11, 2003) ("To assure abundant supplies of affordable gas, FERC has expedited pipeline approvals").

31. Texas Eastern states that, in view of what it claims are these system and incremental benefits, its proposed allocation is a reasonable means to allocate EPCs. It further asserts that the only costs proposed to be allocated to the existing shippers are a proportion of EPCs associated with the TIME Project electric compressor during the peak winter months, and only under certain specific operating conditions. It states that no capital costs of the facilities are allocated to system customers, and no allocation to system customers of the new mainline electric compressor's electric power costs occurs unless both (i) the TIME Project compressor is to provide compression to the entire gas stream, (ii) the TIME Project service does not flow at 100 percent load factor.

32. Texas Eastern states that parties that submitted comments failed to respond to its proposal with an alternate methodology that recognizes the allocation of costs to both the system and the expansion and the fuel saving and other benefits. Texas Eastern asserts that the arguments they raised are illogical and inconsistent with the Commission's well-established volumetric allocation to both existing and expansion shippers on the basis of units of throughput. It asserts that, while the comments submitted appear to support the allocation of existing compressor costs previously allocated to the system to the TIME Project shipper, they also support the allocation of all TIME Project costs to the TIME Project shipper with no costs associated with the TIME Project compressor allocated to the existing shippers. Texas Eastern argues that these parties cannot have it both ways.

33. Texas Eastern states the comments submitted overlook certain principles that underline its proposed allocation methodology. However, it states that the proposed allocation to the system customers only occurs when the TIME Project shipper does not utilize 100 percent of its capacity entitlement. It states that, when the TIME Project shipper utilizes less than 100 of its capacity, then the system is only allocated EPCs based upon the unutilized portion of the TIME Project capacity. Texas Eastern states, furthermore, that the TIME Project load factor is calculated on a monthly basis.

V. Supplemental Reply Comments

34. On October 1, 2003, the Companies filed supplemental reply comments to purportedly correct errors in statements made by New Jersey Natural and Texas Eastern and to assist the Commission in reaching a fact-based result in this proceeding. The Companies maintain that the Commission's order approving the TIME Project required Texas Eastern to price this project incrementally, and accordingly the question posed in this proceeding is not the global one asserted by Texas Eastern as that was answered in the Commission's order approving the TIME Project. Rather the question is whether Texas Eastern has borne its burden of proof to establish that its proposed allocation of Lambertville EPC to system customers is just and reasonable.

35. The Companies maintain that even in its answer, Texas Eastern does not point to a single day in which the Lambertville electric compressor was used in order to operate the system more efficiently or less expensively, although it acknowledges that if the 5,000 HP of excess compression in the TIME compressor had been used in lieu of gas compression, the savings would have been up to $3,675 per day.

36. The Companies assert since the TIME Project shippers do not make any contributions to the cost of those pre-existing facilities, even if the TIME Project compressor provides an occasional benefit to the system customers, the daily benefit provided by system facilities to the TIME Project is a more than adequate quid pro quo. Texas Eastern has not responded to this position. The Companies also state that Texas Eastern does not suggest how a Commission decision determining the appropriate allocation of EPCs between system customers and TIME Project shippers affects it, let alone other pipelines. Thus, according to the Companies, there is no support for Texas Eastern's assertion that the future of the industry turns on the Commission's decision in this case; to the contrary, the policy questions are as they were when the Commission reconsidered the incremental versus rolled-in debate in the 1999 Certificate Policy Statement.

37. The Companies assert that the impact analysis contained in Texas Eastern's answer that shows customers saving $82,157 and the Companies trying to reduce system customers' cost by $217,503, is entirely unsubstantiated. The $217,503 of existing compressor costs allocated to TIME Project customers are not a gift to system customers, but rather are being allocated to the TIME customers because TIME volumes flow through those compressors. The Companies assert that there is no reason to confuse the Lambertville cost allocation issue with the type of analysis suggested by Texas Eastern and that analysis does not alter the conclusion that Texas Eastern has not justified the proposed allocation of Lambertville EPC costs to system customers.

38. The Companies continue to maintain that the cost of additional compression and the cost of operating this compression have not been incurred for the benefit of existing customers as the TIME Project created the need for additional compression at Lambertville. Just as the TIME shippers must pay for the capital costs of that compression, they must also pay for the operating costs of this compression, including EPCs.

39. With respect to the allocation method, the Companies assert that the percentage of EPC assigned to system customers under Texas Eastern's proposal has nothing to do with the volume of system gas purportedly benefiting from the compression and is fundamentally inconsistent with its assertion that it is imposing costs commensurate with argued benefits.

VI. Discussion

40. Based on the Commission's review of the additional information by Texas Eastern and the comments of the parties, the Commission finds that, with the exception of its proposed allocation of TIME Project costs to system shippers, Texas Eastern has adequately supported its proposed EPC rates in this proceeding.

41. In this proceeding, Texas Eastern has proposed to allocate a portion of the electric power costs associated with the electric compressor installed at the Lambertville compressor station to system shippers' EPC rates. New Jersey Natural supports the proposed allocation method, while the Companies and ProLiance oppose it. A number of issues have been raised with respect to Texas Eastern's proposed allocation method. The threshold issue is whether any allocation of TIME Project electric power costs to system shippers at all is appropriate. We find that there are material facts in dispute in this case and that the record is insufficient to support a decision. We also find that resolution of the issues raised by the filing and the protests regarding the rate treatment of electric power costs attributable to the TIME Project would benefit from a formal hearing where all the issues can be thoroughly ventilated and a full record can be compiled. Accordingly, we condition acceptance of the EPC rates filed in the instant proceeding on the outcome of the hearing proceedings established herein.

42. Pursuant to the authority of the Natural Gas Act, particularly sections 4, 5, 8, and 15, and the Commission's rules and regulations, a public hearing is to be held in Docket No. RP03-542-001 concerning the issues regarding the allocation of electric power costs attributable to the TIME Project raised by Texas Eastern's filing. A Presiding Administrative Law Judge, to be designated by the Chief Administrative Law Judge for that purpose pursuant to 18 C.F.R. § 375.304, must convene a pre-hearing conference in this proceeding to be held within 30 days after issuance of this order, in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426. The pre-hearing conference is for the purpose of clarification of the positions of the participants and establishment by the presiding judge of any procedural dates necessary for the hearing. The presiding administrative law judge is authorized to conduct further proceedings in accordance with this order and the rules of practice and procedure.

By direction of the Commission.

Magalie R. Salas,
Secretary.